

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 567 - HB 604

March 23, 2015

SUMMARY OF BILL: Requires entities providing similar services, under the Long-Term Care Community Choices Act of 2008, be subject to substantially the same licensure requirements, particularly with respect to building, life safety, sprinkler, and staffing and administration standards.

Requires entities providing services available to CHOICES Group 1 and Group 2 eligible individuals to meet substantially the same licensure standards as nursing homes licensed to ensure the health, safety, and welfare of any individuals who receive services from the entities; unless, the services are provided within a private residence owned by the recipient, or an individual related to the recipient.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$1,338,700

Increase Federal Expenditures - \$2,490,000

Assumptions:

- Based on information provided by the Department of Health, the provisions of the bill will require adult care homes and potentially assisted care living facilities and homes for the aged to significantly upgrade their facilities and staffing in order to qualify to care for such residents thereby limiting care options for CHOICES Group 2 qualified individuals.
- The Department of Health will revise the affected facility licensure regulations and will train staff on the new requirements. The Department will be responsible for reviewing additional building renovations plans, conducting additional occupancy approval inspections of those facilities to ensure they have been upgraded to institutional life safety code requirements, and provide additional staff training on the revised regulations.
- Additional rule revisions and rule making hearings will be accomplished during regularly scheduled meetings of the Board for Licensing Health Care Facilities. Also, the additional inspections and staff training will be managed within existing resources without significantly affecting the workload of inspectors.
- Based on information provided by the Bureau of TennCare, the estimated fiscal impact is based on the presumption that in order to meet the provisions of the bill, the Bureau of TennCare will have to shift current individuals receiving community living supports to

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nursing facilities or community living supports settings that will have to be upgraded to meet the same licensure standards, thus making the settings equitable in costs.

- The average Level 1 nursing facility cost per day is \$164.06 and the average cost per day for Level 2 nursing facilities is \$182.42.
- Community Living Supports per diem rates range from \$36.16 to \$139.
- Based on the seniors and adults with disabilities currently receiving Community Living Supports; seniors and adults with disabilities in process of transitioning to Community Living Supports; and additional seniors and adults with disabilities anticipated to begin receiving Community Living Supports in FY15-16, the estimated fiscal impact is an increase in expenditures of \$3,828,700.

Level of Community Living Support	Average NF Per Diem	Adjustment for Patient Liability	Per Diem Cost of CLS	Cost Avoided Per Day	Number of Days Per Year	Number of Individuals	Total
Level 1	\$ 164.06	\$ (25.43)	\$ (36.16)	\$ 102.47	365	24	\$897,637
Level 2	\$ 164.06	\$ (25.43)	\$ (100.00)	\$ 38.63	365	81	\$1,142,096
Level 3	\$ 182.42	\$ (25.43)	\$ (139.00)	\$ 17.99	365	261	\$1,713,817
Family Model - Level 2	\$ 164.06	\$ (25.43)	\$ (70.00)	\$ 68.63	365	3	\$75,150
							\$3,828,700

- These expenditures will receive federal matching funds of 65.035 percent; therefore, state funds will be 34.965 percent.
- The increase in state expenditures is estimated to be \$1,338,705 (\$3,828,700 x 0.34965).
- The increase in federal expenditures is estimated to be \$2,489,995 (\$3,828,700 x 0.65035).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

/kml